



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

Town of Coulee City

Grant County

For the period January 1, 2012 through December 31, 2013

Published December 29, 2014

Report No. 1013284





Washington State Auditor Troy Kelley

December 29, 2014

Mayor and Town Council
Town of Coulee City
Coulee City, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Town operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Town's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR

TABLE OF CONTENTS

Audit Summary	4
Status Of Prior Audit Findings	5
Related Reports	6
Information About The Town	7
About The State Auditor’s Office	8

AUDIT SUMMARY

Results in brief

In the areas we audited, Town operations complied with applicable requirements and provided adequate safeguarding of public resources. The Town also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Town of Coulee Town from January 1, 2012 through December 31, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Town's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Utility billing
- Delinquent accounts
- Tourism funds
- Conflict of interest

STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of the Town of Coulee City is provided below:

1. The Town lacks adequate oversight and controls over utility operations, billings and classification of utility customer accounts.

Report No. 1009611, dated May 13, 2013

Background

The Town operates two utilities: water and sewer. The Town billed approximately \$333,866 in 2010 and \$333,784 in 2011 to an average of 342 water/sewer customers.

The Town Code uses different customer account classification for its water/sewer customers. The two main classifications, residential and commercial, are charged different utility rates.

During our audit of the Town's utilities we noted deficiencies in oversight over utility billings and customer account classification:

- Town meter usage was not reconciled or reviewed against the billings on a periodic basis to ensure that all accounts with usage are being billed.
- The Town's Municipal Code is contradictory. One section allows water and sewer rate charges to be suspended for property owners that are not using water and sewer services and another does not. The Code conflicts with itself on the suspension of accounts.
- State law and the Town's Sewer Bond covenants require the Town to pay for its own services. The Town does not have procedures in place to ensure it is charging itself for water and sewer services.
- The Town's Code does not clearly define residential and commercial customers. Residential accounts pay a flat fee per month and commercial accounts pay based on usage. The Town did not have a process in place to identify if customers were in the correct classification and we found discrepancies.

Status

- The Town is addressing the matters identified in the prior audit. A recommendation was provided in the current audit to continue taking steps to resolve these matters. We will review the status during the next audit.

RELATED REPORTS

Financial

Our opinion on the Town's financial statements is provided in a separate report, which includes the Town's financial statements.

INFORMATION ABOUT THE TOWN

The Town of Coulee City, incorporated in 1907, is located in Grant County. The Town provides its 563 residents with water and sewer utilities, fire and ambulance services and a park.

The Town is governed by a mayor-council form of government. The Mayor is elected by the Town's voters and serves as the Chief Administrative Officer overseeing the Town's daily operations and appointing the staff. The five-member Council is also elected by the Town's voters and serves as the Town's legislative body. For fiscal years 2012 and 2013, the Town operated on annual budgets of approximately \$1 million.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Town of Coulee City at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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